

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)	
NEBO WATER DISTRICT)	CASE NO. 93-166

O R D E R

On April 30, 1993, Nebo Water District ("Nebo") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure, KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Nebo purchases water from the city of Madisonville.
2. Madisonville increased its rate for water sold from \$1.23 per 1,000 gallons to \$1.77 per 1,000 gallons effective April 1, 1993. Nebo proposes to increase the water rates to its customers effective May 1, 1993.
3. During the 12 months ending March 31, 1993, Nebo purchased 92,912,000 gallons of water and sold 76,946,000 gallons. The increase in the cost of purchased water is \$50,172 resulting in a purchased water adjustment of 65 cents per 1,000 gallons of water as shown in Appendix B. Based on an average monthly usage of 5,000 gallons, the average bill of Nebo's customers would increase \$3.25 from \$22.50 to \$25.75 or 14.4 percent.
4. Nebo has miscalculated the purchased water adjustment factor insofar as it failed to divide the increased cost of water

purchased by the annual sales. Therefore, the purchased water adjustment factor and the rates proposed by Nebo should be denied.

5. The purchased water adjustment of 65 cents per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Nebo are hereby denied.


2. The purchased water adjustment of 65 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after May 1, 1993.

3. Within 30 days of the date of this Order, Nebo shall file revised tariff sheets setting out the rates approved herein.

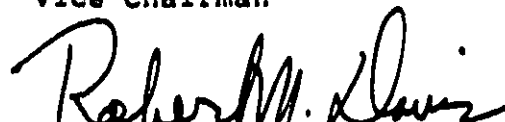
4. Within 20 days of the date of this order, Nebo shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 24th day of May, 1993.

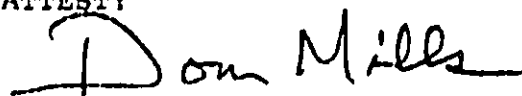
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 93-166 DATED May 24, 1993

The following rates and charges are prescribed for the customers in the area served by Nebo Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Minimum Water Rates Based on Size Connections

<u>Size of Water Meter Connection</u>	<u>Number of Gallons or Less of Water Per Month to be Provided for the Minimum Rate</u>	<u>Minimum Monthly Water Rate Per Connection</u>
5/8 inch x 3/4 inch	2,000 gallons	\$ 11.30
1 inch	4,000 gallons	21.61
1 1/2 inch	10,000 gallons	46.52
2 inch	20,000 gallons	83.04
3 inch	30,000 gallons	114.56

Meter Rates for Water Usage in Addition to Minimum Charge.
Subject to the minimum monthly water rate specified above, the following metered charges shall be made for water consumption per month to customers of all size connections:

<u>Number of Gallons of Water Per Month</u>	<u>Monthly Charge Per 1,000 Gallons</u>
First 2,000 gallons	\$11.30 (Minimum Charge)
Next 2,000 gallons	5.15
Next 6,000 gallons	4.15
Next 10,000 gallons	3.65
All over 20,000 gallons	3.15

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 93-166 DATED May 24, 1993

Purchased Water Adjustment Calculations

Water Purchased: 92,912,000 gallons

Water Sold: 76,946,000 gallons

Cost at changed Rate:

$92,912,000 \times \$1.77 = \$164,454.24$

LESS

Cost at Base Rate:

$92,912,000 \times \$1.23 = \underline{\$114,281.76}$

Increase in cost: \$ 50,172.48

$\$50,172.48 \div 76,946,000 \text{ gallons sold} = \$.652 \text{ or } \$.65/1,000 \text{ gallons}$